

APPROVED

By the General Meeting of Shareholders of
PJSC "Aeroflot" on ____ 2019
(Minutes No. dated ____ 2019)

**Regulations on Remuneration
and Compensations Payable
to the Members of the Board of Directors
of PJSC "Aeroflot"**

1. General Provisions

- 1.1. These Regulations on Remuneration and Compensations Payable to the Members of the Board of Directors of PJSC “Aeroflot” (the “Regulations”) set forth the procedure for determining the amounts of remuneration and compensation of expenses payable to the Members of the Board of Directors and the Members of the Board committees in connection with the performance of duties and exercise of powers conferred by the Company's Articles of Association, Regulations on the Company's Board of Directors and the Regulations on Committees of the Company's Board of Directors.
- 1.2. These Regulations have been developed in accordance with the Federal Law “On Joint Stock Companies”, other legal acts of the Russian Federation and internal documents of Public Joint Stock Company “Aeroflot – Russian Airlines” (hereinafter - the “Company”).
- 1.3. These Regulations are a working document of the Company's Board of Directors used to make recommendations to the Company's General Meeting of Shareholders concerning amounts of remuneration and compensation of expenses to be paid to the Members of the Board of Directors.
- 1.4. The following terms used in these Regulations shall be construed in accordance with the following definitions:
 - Board Member(s) shall mean (a) person(s) elected to the Company's Board of Directors in accordance with the procedure set forth by the Federal Law “On Joint Stock Companies”;
 - corporate year shall mean the period commencing on July 1 of the current year and ending on the June 30 of the next year.
- 1.5. These Regulations do not constitute grounds for payment of remuneration (compensation of expenses) to a Board Member on a mandatory basis. Payment of remuneration (compensation of expenses) to a Board Member for participation in the work of the Board of Directors in the relevant corporate year shall be subject to the decision of the General Meeting of Shareholders held after the end of the corporate year for which the remuneration is paid.
- 1.6. The calculation period for determining and paying remuneration is one corporate year during which a Board Member performed their duties and exercised their powers, taking into account the features stipulated by these Regulations.
- 1.7. Reimbursement and compensations shall be paid from the Company’s current expenses in cash or from the relevant fund of the Company, provided that these payments have been approved by the Company’s General Meeting of Shareholders.

- 1.8. The Company as a tax agent independently shall calculate, withhold and pay personal income tax occurring in relating to the payment of remuneration and compensations paid to the Board Members.

2. Restrictions on Payment of Remuneration

- 2.1. Remuneration shall not be accrued or paid to any Board Member (including the Chairman of the Company's Board of Directors) who is prohibited from participating in the activities of a governing body of a commercial organization on a paid basis or is subject to other restrictions on receiving payments (remuneration and compensation of expenses) from commercial organizations under the current legislation of the Russian Federation.
- 2.2. In the event that the prohibition or restriction on receiving payments from commercial organizations on the grounds provided for by the legislation of the Russian Federation is lifted, remuneration and compensations shall be accrued and paid to such Board Member starting from the date when the Company is notified by the Board Member that the prohibition or restriction has been lifted in the manner provided by these Regulations.
- 2.3. Remuneration shall not be accrued or paid to any Board Members (including Chairman of the Company's Board of Directors) who are members of the Company executive bodies (General Director, Executive Board of the Company).
- 2.4. A Board Member may waive the remuneration stipulated herein, in whole or in part, by sending a relevant statement to the Company's General Director.

Once the written statement provided in Clause 2.4 hereof has been filed by a Board Member, further payment of all types of remuneration to that Board Member shall only be made with their written consent.

3. Remuneration to the Board Members

- 3.1. Remuneration payable to a Board Member shall consist of a fixed component (including increments) and a variable component under the long-term incentive programme.
- 3.2. The fixed component of remuneration for a corporate year shall be determined by summing up the basic fixed component and increments for performing additional functions (chairmanship of the Board of Directors, leadership of a Board committee, membership in a Board committee).
- 3.3. The maximum size of the fixed basic portion shall be set at 6 000 000 (Six millions) rubles per corporate year for all Board Members, including the Chairman of the Board of Directors.

- 3.4. The size of the basic fixed portion paid to the Board Members based on the results of the corporate year shall be determined by the following formula:

$$B = B_M \times \frac{m}{n}, \text{ where:}$$

B shall mean the size of the basic fixed portion paid to each Board Member for the corporate year;

B_M shall mean the maximum size of the basic fixed portion, established in Clause 3.3 hereof;

m shall be the number of the Board meetings during the relevant corporate year (regardless of the form in which they were held) in which a Board Member took part (physical presence, video and conference presence, written opinion, participation in absentee voting);

n is the total number of meetings held by the Board of Directors during the relevant corporate year (regardless of the form in which they are held).

- 3.5. Increments for the performance of additional functions shall be set as a percentage of the basic fixed portion. The following increments are set for chairmanship of the Board of Directors, membership in a Board committee and leadership of a Board committee during a corporate year:

3.5.1. 20 percent from the basic fixed portion—the increment for membership in one committee of the Board of Directors; if a Board Member is a member of several Board committees, the increment is paid for participation in each Board which includes this Board Member;

3.5.2. 33 percent from the basic fixed portion—the increment for the management of the Board of Directors committee; in this case, the increment for membership in this committee shall not be charged and paid;

3.5.3. 50 percent from the basic fixed portion—the increment for the chairmanship of the Board of Directors.

- 3.6. The size of each increment paid to the Members of the Board of Directors of PJSC "Aeroflot" shall be determined by the following formula:

$$H = B_M \times K_H \times \frac{m}{n}, \text{ where:}$$

H shall mean the amount of the increment paid to a Board Member for performing an additional function in the corporate year;

B_M shall mean the maximum size of the basic fixed portion, established in Clause 3.3 hereof;

K_H shall mean the increment coefficient (in percent), determined according to Clause 3.5 hereof;

m shall mean the number of meetings of the Board of Directors (in relation to determining the size of the increment for performing the functions of the Chairman of the Board of Directors) or the relevant committee of the Board of Directors (in relation to determining the amount of the increment for performing the functions of the committee head or a member of the committee of the Board of Directors) during the corporate year (regardless of the form of their holding), in which a Board Member took part (physical presence, presence via video and conferencing, presentation of a written opinion, participation in absentee voting);

n shall mean the total number of meetings held by the Board of Directors (in relation to determining the amount of the increment for performing the functions of the Chairman of the Board of Directors) or the relevant committee of the Board of Directors (in relation to determining the amount of the increment for performing the functions of the committee head or a member of the committee of the Board of Directors) during the corporate year (regardless of the form of their holding).

- 3.7. If a Board member participated in less than 50% of the Board meetings (was absent from physical meetings or video/teleconference meetings, did not submit an absentee ballot/written opinion), held during the period of their functions as a Board Member during the corporate year, the fixed component shall not be paid to the member.
- 3.8. If a Board Member who is a member of a Board committee participated in less than 70% of the committee meetings (was absent from physical meetings or video/teleconference meetings, did not submit an absentee ballot/written opinion), held during the period of their functions as a Board Member during the corporate year, the increment for membership in/leadership of the committee shall not be paid to the member.
- 3.9. Remuneration for a corporate reporting year shall be paid to a Board Member within 30 calendar days from the date of the General Meeting of Company Shareholders that adopted the decision to pay remuneration to the Members of the Company's Board of Directors.

4. Payment of Compensations

- 4.1. A Board Member shall be compensated for expenses incurred in carrying out their duties and exercising their powers as a Member of the Board of

Directors in the reporting corporate year based on documents evidencing the expenses actually incurred during that year, but not to exceed 180 thousands rubles per year, which represents about 3% of the basic fixed remuneration.

- 4.2. Compensation shall be paid within 30 calendar days from the date of the General Meeting of Shareholders that adopted the decision to pay compensation to the Members of the Company's Board of Directors.
- 4.3. A Board Member shall be granted the right to purchase airline tickets at corporate tariffs in the manner determined by the local regulatory documents of the Company.

5. The Long-Term Motivation Programme for members of the Board of Directors of PJSC "Aeroflot" (the "Long-Term Programme") for the period from January 1, 2016 to September 30, 2018

The goal of the Long-Term Programme from January 1, 2016 to September 30, 2018 is to bring together the interests of the Company and its shareholders with those of the Members of the Board of Directors by entitling the Board Members as participants in the Long-Term Programme to receive a cash bonus linked to the dynamics of the Company capitalization on the stock market, achievement of the target capitalization level, as well as the market capitalization dynamics of the key international competitor airlines. The target of the Long-Term Programme is to achieve the defined target Company capitalization.

With due regard to the fact that the updated Strategy of the Aeroflot Group up to 2023 provides a “stressful” scenario with the priority for active implementation of infrastructure projects and the priority of operating indicators rather than financial, achievement (as compared to the previous Aeroflot Group Strategy) for 2019-2020, the Long-term Motivation Programme for the members of the Board of Directors of PJSC Aeroflot ends up on 30.09.2018.

5.1. Format, Scope and Terms of the Long-Term Programme

- 5.1.1. The format of the Long-Term Programme represents cash remuneration linked to the dynamics of the Company capitalization on the stock market, achievement of the target capitalization level and the capitalization dynamics of the key international competitor airlines.
- 5.1.2. The Company target capitalization and the scope, duration, terms and indicators of the Long-Term Programme for the relevant period are set out in Appendix No.1 hereto.
- 5.1.3. The Long-Term Programme is based on the following two indicators:

Indicator 1: the Company capitalization increase for the relevant year The weight of Indicator 1 is 50%. The methodology for calculating Indicator 1 is provided in Appendix No. 2 hereto.

Indicator 2 place occupied by PJSC “Aeroflot” within the group of five competitors in terms of the Company capitalization dynamics in the relevant year (Appendix No. 3). The weight of Indicator 2 is 50%. Indicator 2 is included only when the positive capitalization dynamics of PJSC "Aeroflot". The methodology for calculating Indicator 2 is provided in Appendix No. 2 hereto.

5.2. Mechanism of Remuneration Pool Payment under the Long-Term Programme

5.2.1. One third of the accrued remuneration pool for the relevant interim period specified in Clause 2 of Appendix 1 shall be paid to the Board Members at the end of the interim period in accordance with Clause 3.9 hereof.

5.2.2. Two thirds of the accrued remuneration pool for the relevant interim period specified in Clause 2 of Appendix 1 shall not be paid, deferred until the expiration of the Long-Term Programme and is paid when the conditions specified in Appendix No. 1 and in accordance with Clause 3.9 hereof.

5.3. Mechanism for Distribution of the Remuneration Pool under the Long-Term Programme among Participants

5.3.1. The portion of the remuneration pool payable to participants in the Long-Term Programme for the interim period shall be distributed among the current Board Members in proportion to the actual amount of their fixed remuneration determined in accordance with Section 3 hereof for the reporting corporate year (interim period).

5.3.2. If at the end of the Long-Term Programme (September 2018) the target size of market capitalization specified in Appendix No. 1 hereto has not been reached, then all payments deferred at the end of the Programme shall not be paid.

5.3.3. If at the end of the programme (September 2018) the established target size of market capitalization is reached, the Company's General Meeting Shareholders approves the final remuneration pool (amount), which shall be paid to the Board members in proportion to the actual amount of their fixed remuneration for the period from July 1, 2016 to June 30, 2017, determined in accordance with Section 3 hereof.

5.4. Miscellaneous

5.4.1. In the event of force majeure situations that are beyond the control of participants in the Long-Term Programme and which make it impossible to achieve the target indicators (for example, hostilities, natural disasters, revolutions, etc.), the Board of Directors may initiate a revision of the composition of target indicators and/or their target values based on changes

in forecasts for the Company's development and submit them for approval to the Company's General Meeting of Shareholders.

- 5.4.2. In case a Board Member is not elected for the next term or their powers are terminated early, they shall be entitled to receive the payments deferred until the end of the Long-Term Programme (deferred remuneration) in accordance with Clause 5.3.3. hereof.
- 5.4.3. If a Board member participated in less than 50% of the meetings held by the Board of Directors (was absent from physical meetings or video/teleconference meetings, did not submit an absentee ballot/written opinion) during the period when they performed the duties and exercised the powers stipulated by the Company Articles of Association, Regulations on the Company's Board of Directors and the Regulations on Committees of the Company's Board of Directors of the, they shall not be paid remuneration under the Long-Term Programme.

6. The Long-Term Programme of Motivation of the Members of the Board of Directors of PJSC "Aeroflot" for the period from 01.01.2019 to 31.12.2020

The goal of the Long-Term Programme of motivation of the Members of the Board of Directors for a period from January 1, 2019 to December 31, 2020 is to bring together the interests of the Company and its shareholders with those of the Members of the Board of Directors by authorizing the Board Members as the participants in the Long-Term Programme to receive a cash bonus linked to achievement of the strategic targets and execution of the tasks as set by Aeroflot Group Strategy by 2023 and Long-term Development Programme of Aeroflot Group for 2019-2023.

6.1. Terms and definitions

- 6.1.1. **Long-term Motivation Programme for the members of the Board of Directors (LMP)** – a set of factual and legal measures taken by the Company in order to grant the right to receive monetary remuneration to the members of the Board of Directors due to the personal participation of the members of the Board of Directors in terms of achievement of the strategic targets and execution of the tasks as set by the Aeroflot Group Strategy up to 2023 and the Long-Term Development Program of the Aeroflot Group for 2019-2023.
- 6.1.2. **LMP duration** – a two calendar year-period: from January 1, 2019 up to December 31, 2020.
- 6.1.3. **Interim Period** – a one calendar year-period: from January 1, 2019 up to December 31, 2019.
- 6.1.4. **LMP indicators** – key performance efficiency indicators of Long-term Motivation Programme reflecting the success in implementation of the strategic targets and objectives as set for the Interim Period and the LMP duration in accordance with the Aeroflot Group Strategy by 2023 and the Long-Term Development Programme of the Aeroflot Group for 2019-2023. The amount of remuneration of the members of the Board of Directors of the Company under the LMP depends on the results of implementation of the LMP Indicators.
- 6.1.5. **Target amount of remuneration under the LMP** – the remuneration under the LMP, which may be paid to a member of the Board of Directors for the Interim period or following the results of the LMP duration, respectively, subject to performance of the LMP Indicators for the respective period at the target level.
- 6.1.6. **Target LMP Indicator** – is set for each of the LMP Indicators for the Interim period and for the LMP duration – the expected value of the LMP Indicator planned to be achieved based on the Interim Period and the LMP duration and determined based on the consolidated budget of the Aeroflot Group approved by the Board of Directors of Aeroflot PJSC for the respective period.

6.1.7. **Weight of an Indicator** – the share (%) of the Target amount of Remuneration under the LMP depending on the performance of the LMP Indicator. The total of the weights of all LMP indicators constitutes 100%.

6.1.8. **Actual value of LMP Indicator** – the actual value of the LMP Indicator achieved during the Interim Period or the LMP duration determined based on Aeroflot Group consolidated financial statements under IFRS standards, Aeroflot Group budget performance reports based on the Interim Period or the LMP duration, respectively.

6.2. Form, reasons and frequency of remuneration payments under LMP

6.2.1. The form of remuneration within the framework of the LMP is a monetary reward, the amount of which is determined in accordance with clauses 6.3-6.4 of the present Regulation based on the Performance of Indicators specified in cl. 6.2.2 of the present Regulation.

6.2.2. The following three indicators shall constitute the basis for determining the amount of remuneration under the LMP:

6.2.2.1. **Indicator 1** – Passenger traffic of the Aeroflot Group. The weight of the Indicator 1 is 35%.

6.2.2.2. **Indicator 2** – the Share of International transit in general passenger traffic of the Aeroflot Group. The weight of the Indicator 2 is 45%.

6.2.2.3. **Indicator 3** – Transportation Profitability (RASK) for Aeroflot Group. The weight of the Indicator 3 is 20%.

Methodology for determining the Performance Level for each LMP Indicator is established in Appendix No. 4 to the present Regulation.

6.2.3. The Remuneration under the LMP may be paid to the members of the Board of Directors based on the results of the Interim period and the results of the LMP duration.

6.3. The mechanism for determining the amount of remuneration under the LMP for the Interim Period

6.3.1. The members of the Board of Directors who are actual members of the Board of Directors as of the end date of the Interim period, as well as the members of the Board of Directors who were the members of the Board of Directors during part of the Interim period, are authorized to receive remuneration under LMP for the Interim period.

6.3.2. Remuneration under the LMP for the Interim Period shall be calculated based on the results of the Interim Period with due regard to the Performance of Indicators specified in cl.6.2.2 of the present Regulation for the Interim Period.

6.3.3. The amount of remuneration under the LMP for the Interim Period shall be determined according to the following formula:

$$\text{ПВ} = \text{ПВ}_{\text{ц}} \times \text{К}_{\text{и}}, \text{ where:}$$

ПВ – the amount of remuneration for a member of the Board of Directors for the Interim Period;

ПВ_ц – Target amount of the remuneration for a member of the Board of Directors under the LMP for the Interim Period; it shall be set in the amount equivalent to 100% (one hundred) per cent of the actual amount of the fixed part of the remuneration of a member of the Board of Directors for the Interim period determined in accordance with cl.6.3.4 of the present Regulation.

К_и – Final LMP Indicators Performance Index for the Interim Period. It shall be calculated based on the methodology specified in cl.6 of the Appendix 4 to the present Regulation.

6.3.4. The actual amount of the fixed part of remuneration to be paid to a member of the Board of Directors for the Interim Period shall be determined according to the following formula:

$$\Phi\text{B}_{\text{КГ1}} \times \text{К}_{\text{кopp1}} + \Phi\text{B}_{\text{КГ2}} \times \text{К}_{\text{кopp2}}, \text{ where:}$$

ΦB_{КГ1} – fixed part of remuneration to be paid to a member of the Board of Directors accrued for the corporate year during which the Interim Period began (hereinafter – “Corporate Year 1”), determined according to section 3 of the present Regulation;

ΦB_{КГ2} – fixed part of remuneration to be paid to a member of the Board of Directors accrued for the corporate year during which the Interim Period ended (hereinafter – “Corporate Year 2”), determined according to section 3 of the Regulation;

К_{кopp1} – adjustment factor determined using the formula:

$$\frac{t_1}{T_1}, \text{ where:}$$

t₁ – the period (in calendar days) during which a member of the Board of Directors performed functions in the Board of Directors within the framework of duration of the part of the Corporate year 1 that coincides with the Interim period;

T₁ – the period (in calendar days) during which a member of the Board of Directors performed functions in the Board of Directors within the framework of overall duration of the Corporate year 1.

К_{кopp2} – the adjustment factor determined in a similar way as К_{кopp1} with respect to the fixed part of the remuneration accrued to a member of the Board of Directors for the Corporate Year 2.

6.3.5. Remuneration under the LMP for the Interim Period determined in

accordance with cl.6.3.3 of the present Regulation shall be paid as follows:

- 6.3.5.1. two thirds of the amount of remuneration under the LMP calculated in accordance with cl.6.3.3 of the present Regulation for the Interim period shall be paid to the members of the Board of Directors within 30 calendar days from the date of the General Shareholders Meeting, where the decision to make a payment was adopted;
- 6.3.5.2. one third of the amount of remuneration under the LMP calculated in accordance with cl.6.3.3 of the present Regulation for the Interim period is deferred until the end of the LMP duration and forms part of the Final remuneration under LMP determined based on the results of the performance of the LMP Indicators for the LPM duration.

6.4. The mechanism for determining the Final remuneration under LMP

- 6.4.1. The mechanism for determining the Final remuneration under LMP is calculated at the end of the LMP duration with regard to the level of LMP Indicators Performance specified in cl.6.2.2 of the present Regulation using the following formula:

$$IB = IB_{ц} \times K_{и} - 2/3 \times PV, \text{ where:}$$

IB – Final remuneration of a member of the Board of Directors under the LMP;

$IB_{ц}$ – Target final remuneration of a member of the Board of Directors under the LMP; it shall be set in the amount equivalent to 100% (one hundred) per cent of the actual amount of the fixed part of the remuneration of a member of the Board of Directors for the LMP duration determined in accordance with cl.6.4.1.2 of the present Regulation.

$K_{и}$ – target LMP Indicators Performance Index for the LMP duration determined based on the formula according to cl.6 of Appendix 4 to the present Regulation.

PV – the amount of remuneration for the Interim Period under the LMP determined in accordance with cl.6.3.3 of the present Regulation. If the decision to pay remuneration for the Interim period under the LPM in accordance with cl.6.3.5.1 of the present Regulation was not adopted by the General Meeting of Shareholders of the Company, the PV value shall be deemed to be equal to zero.

- 6.4.1.1. The Final remuneration under the LMP determined in accordance with cl.6.4.1 of the present Regulation includes the deferred part of the remuneration under the LMP for the Interim Period determined in accordance with cl.6.3.5.2 of the present

Regulation. If the amount of the final remuneration under the LMP for the Interim Period exceeds the amount of Final Remuneration under the LMP determined in accordance with cl.6.4.1 of the present Regulation, the payment of remuneration at the end of the LMP duration shall be made in the amount equal to Final Remuneration under the LMP determined in accordance with cl.6.4.1 of the present Regulation.

6.4.1.2. The fixed part of the remuneration accrued for the LMP duration shall be determined in a similar way as the amount of the fixed part of the remuneration for the Interim Period specified in cl.6.3.4 of the present Regulation.

6.4.2. If the amount of the Final remuneration of the member of the Board of Directors under the LMP determined in accordance with cl.6.4.1 of the present Regulation is less than zero or equal to zero, then Final Remuneration under the LMP shall not be paid to such a member of the Board of Directors.

6.4.3. The members of the Board of Directors who were the actual members of the Board of Directors as of the end of the LMP duration, as well as the members of the Board of Directors who have been authorized to receive the Final remuneration under the LMP according to cl. 6.5.2 - 6.5.4 of the present Regulation shall be entitled to receive the Final Remuneration under the LMP

6.4.4. The Final remuneration under the LMP shall be paid to the members of the Board of Directors within 30 calendar days from the General Meeting of the Company Shareholders where the decision on the payment of the Final remuneration under the LMP to the members of the Board of Directors was adopted.

6.5. Miscellaneous

6.5.1. In case of the change in the strategic priorities of the Company caused by the influence of external factors, including when the Company's shareholder makes decisions in relation to the Company resulting in the change in the Aeroflot Group's Long-term Development Programme for 2019-2023, and/or the impossibility of meeting the established LMP Indicators due to the irrelevance of its conditions, the Board of Directors may initiate a review of the LMP conditions and parameters, including the composition of the Indicators and/or their Target Values, based on the changed forecasts of the Company's development and submit the decision for approval by the General Meeting of Shareholders of the Company.

6.5.2. In case of introduction of a new member to the Board of Directors after commencement of the LMP duration, such a member of the Board

of Directors shall be authorized to receive remuneration under the LMP. The amount of remuneration shall be determined in accordance with conditions of the present Regulation.

6.5.3. In case a member of the Board of Directors has not been elected for a next term within the LMP duration, as well as in case of early termination of his/her powers during the LMP duration, such a member of the Board of Directors retains the right to receive:

6.5.3.1. Remunerations under the LMP for the Interim Period determined in accordance with cl.6.3.3 of the present Regulation, if such a member of the Board of Directors was, in full or in part, included in the composition of the Board of Directors during the Interim period, in the amount as envisaged in cl.6.3.5.1 of the present Regulation;

6.5.3.2. Final Remuneration under the LMP determined in accordance with cl.6.4 of the present Regulation.

6.5.3.3. The remuneration under the LMP shall be paid to such a member of the Board of Directors simultaneously with the payment of the remuneration under the LMP for the respective period to the rest of the members of the Board of Directors.

6.5.4. In case of death of a member of the Board of Directors, his/her successors (heirs) shall retain the right to receive remuneration under the LMP. The amount of the remuneration shall be determined in a similar order as specified in cl.6.5.3 of the present Regulation. Payment of remuneration under LMP to the successors of such a member of the Board of Directors shall be carried out in compliance with the procedure and the terms established by the legislation on inheritance.

6.5.5. If a member of the Board of Directors participated in less than 50% of the meetings of the Board of Directors (physical absence, absence of video conferencing and other conferencing, absence of absentee voting/written opinion) in the total number of meetings of the Board of Directors held during the period of [performance of his/her duties and exercising the powers as stipulated by the Charter of the Company, the Regulation on the Board of Directors of the Company and the Regulations on the Committees of the Board of Directors of the Company during the Interim period or during the LMP duration, the remuneration under LMP (remuneration under LMP for the Interim period and Final remuneration under LMP, respectively) shall not be paid to such a member of the Board of Directors.

7. Final Provisions

- 7.1. These Regulations shall enter into force on the date of their approval by the General Meeting of Shareholders of PJSC "Aeroflot" and apply to relations arising since September 30, 2017.
- 7.2. These Regulations shall be effective until the complete fulfillment of obligations hereunder or declare they terminated in accordance with the decision of the General Meeting of Shareholders of PJSC "Aeroflot".
- 7.3. The General Shareholders Meeting of PJSC "Aeroflot", Board of Directors of PJSC "Aeroflot" and the General Director of PJSC "Aeroflot" in order to implement the conditions of these Regulations are entitled to take appropriate decisions and approve relevant materials and documents directly related to the conditions and procedure for implementing these Regulations, within their competence.
- 7.4. In the event of situations in which actions are not regulated by these Regulations, or in which ambiguous interpretation of certain paragraphs of these Regulations is possible, the decision on the application of these Regulations is taken by the General Meeting of Shareholders of PJSC "Aeroflot".
- 7.5. In order to implement these Regulations, PJSC "Aeroflot" organizes informing members of the Board of Directors about its conditions, as well as taking other actions necessary for the timely and proper fulfillment of the Company's obligations, approved by these Regulations, taking into account the specifics and restrictions established by current legislation.

Appendix No. 1
to the Regulations on Remuneration
and Compensations Payable to the
Members of the Board of Directors
of PJSC “Aeroflot”

Target Capitalization, Scope, Duration, Terms and Indicators of the Long-Term Programme of PJSC “Aeroflot”

1. The target capitalization of PJSC “Aeroflot” for September 2018 shall be one hundred billion (100,000,000,000) rubles.
2. Duration of the Long-Term Programme: from January 1, 2016 to September 30, 2018 The programme is divided into four interim periods:
 - 1) January 1, 2016—June 30, 2016 (half a year)
 - 2) July 1, 2016 – June 30, 2017 (year)
 - 3) July 1, 2017 – June 30, 2018 (year)
 - 4) July 1, 2018 — September 30, 2018 (three months)
2. The total remuneration pool under the Long-Term Programme for members of the Board of Directors of PJSC “Aeroflot” shall be equal to 0.5% of the increase in the capitalization of PJSC “Aeroflot” for the duration of the Long-Term Programme (capitalization at the end of the programme minus capitalization at the beginning of the programme).
3. **Capitalization at the beginning of the programme** is determined as the volume weighted average closing price per share of PJSC “Aeroflot” on the first trading day occurring in the Long-Term Programme period multiplied by the total number of shares comprising the share capital of PJSC “Aeroflot” is set equal to sixty-two billion four hundred and sixteen million six hundred and nineteen thousand two hundred (62,416,619,200) rubles.
4. **Capitalization at the end of the programme** is determined as the volume weighted average closing price (vwap) per share of PJSC “Aeroflot” for September multiplied by the total number of shares comprising the share capital of PJSC “Aeroflot”.
5. The deferred payments for each of the four interim periods shall be summed up and paid in a single tranche by decision of the General Meeting of the Company Shareholders only under the condition that the target capitalization of PJSC "Aeroflot" is reached in the amount of 100 billion rubles (vwap

September 2018) and the fulfillment of the conditions specified in Clause 2 of Appendix No. 1.

Appendix No. 2
to the Regulations on Remuneration
and Compensations Payable
to the Members of the Board of Directors
of PJSC "Aeroflot"

Mechanism of Remuneration Pool Accrual under the Long-Term Programme

1. Indicators of the Long-Term Programme shall be calculated according to the following methodology:

Indicator 1: actual increase in the capitalization of PJSC "Aeroflot" for the relevant year. It is calculated as the volume weighted average capitalization of PJSC "Aeroflot" (vwap) for the last calendar month of the relevant interim period of the Long-Term Programme minus the capitalization of PJSC "Aeroflot" on the first trading day occurring in the relevant interim period.

Indicator 2: the place occupied by PJSC "Aeroflot" in the group of competitors in terms of the Company capitalization dynamics for the interim period. It is calculated according to the formula below:

$$\frac{EV_{\text{vwap jun}} - EV_0}{EV_0}$$

where:

$EV_{\text{vwap jun}}$ is the volume-weighted average capitalization of the corresponding company (vwap) for the last calendar month of the corresponding intermediate period (or the last month) of the corresponding financial year of the Company.

EV_0 is the capitalization of the relevant company as of the first trading day occurring in the relevant financial year of the company.

The obtained values are arranged in descending order. Value of Indicator 2 is defined as the position occupied by PJSC "Aeroflot" in the series arranged in descending order. In case equal values are obtained for capitalization dynamics, the final place of PJSC "Aeroflot" in the group of competitors shall be resolved in favour of PJSC "Aeroflot".

2. The interim remuneration pool under the Long-Term Programme for each interim period shall be formed according to an ascending graduated scale

depending on the values of Indicator 1 and Indicator 2 using the following methodology (see Table 1):

Table 1.

<p>Indicator 1 of the bonus pool: If the capitalization of PJSC “Aeroflot” (VWAP) for the last calendar day of the relevant interim period is higher than the capitalization of PJSC “Aeroflot” on the first trading day of the relevant period by: <i>(The lower interval limit is not included, the upper limit is included)</i></p>	<p>Remuneration pool to be accrued for the Board Members under the Long-Term Programme, % of the capitalization increase of PJSC "Aeroflot" for the interim period</p>
more than 20%	0.25%
From 15% to 20%, including 20%	0.19%
From 10% to 15%, including 15%	0.13%
From 0% to 10%, including 10%	0.06%
0% and less	0.00%

If capitalization decreases during the current interim period, the basis for calculating the increase in capitalization in the next interim period will be the highest capitalization level achieved in the interim periods (high watermark principle).

<p>Indicator 2 of the bonus pool: The place occupied by PJSC “Aeroflot” in the group of competitors in terms of capitalization dynamics for the relevant period (vwap for the last calendar month minus capitalization on the first trading day of the relevant period) (position in the series arranged in descending order): <i>(The lower interval limit is not included, the upper limit is included)</i> <i>Indicator 2 is included only if the positive dynamics of the capitalization of PJSC "Aeroflot" for the interim period.</i></p>	<p>Remuneration pool to be accrued for the Board Members under the Long-Term Programme, % of the capitalization increase of PJSC "Aeroflot" for the interim period</p>
Place in the group: 1	0.25%
Place in the group: 2	0.19%
Place in the group: 3	0.13%
Place in the group: 4	0.06%
Place in the group: 5-6	0.00%

In case equal values are obtained for capitalization dynamics, the final place of PJSC “Aeroflot” in the group of competitors shall be resolved in favour of PJSC “Aeroflot”.

Appendix No. 3
to the Regulations on Remuneration
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of PJSC "Aeroflot"

List of Competitor Companies for Monitoring Capitalization Dynamics

The following competitor airlines have been approved for monitoring capitalization dynamics for the duration of the Long-Term Programme:

- Turkish Airlines (Turkey)
- Latam Airlines Group (Chile)
- Qantas (Australia)
- China Eastern Airlines (China)
- Air Canada (Canada)

The Board of Directors may modify this list in case of bankruptcy, delisting, or a material change in the airline market.

Appendix No. 4
to the Regulations on Remuneration
and Compensations Payable
to the Members of the Board of Directors
of PJSC "Aeroflot"

**Methodology for determining the levels of Performance of the Indicators of
the Long-Term Motivation Programme for the Members of the Board of
Directors of
PJSC Aeroflot.**

1. For the purposes of determining the levels of the LMP Indicators Performance according to the results of the Interim Period and the LMP duration, the following Planned Performance levels are established:

Table 1. Planned LMP Indicators Performance Levels 1, 2 and 3

Planned LMP Indicator Performance Level	Value of Planned LMP Indicator Performance Level
Aggressive Level (A)	110%
Target Level (Ta)	100%
Threshold Level (Th)	90%

2. Actual LMP Indicator Performance Level for each Indicator achieved following results of the Interim Period or the LMP duration, shall be determined as follows:

- 2.1. **Indicator 1** – “Passenger traffic within the Aeroflot Group” – the actual level of Indicator 1 Performance shall be determined as the ratio of the actual total number of passengers carried by the Aeroflot Group for the Interim period or for the Long-term Motivation Programme duration (thous. of passengers) to the Target Indicator 1 value for the respective period:

$$\frac{\text{Actual: Passenger traffic}}{\text{Target: Passenger traffic}} \times 100\%$$

The actual total number of passengers carried by Aeroflot Group shall be determined on the basis of consolidated financial statements of the Aeroflot Group under IFRS standards, reports on the budget performance of the Aeroflot Group and other types of reporting.

Target Indicator 1 value for the Interim Period and the LMP duration is set in the Appendix 5 to the present Regulation.

- 2.2. **Indicator 2** – “The share of international transit from total passenger traffic of Aeroflot Group” for the Interim Period or the LMP duration – the

actual level of Indicator 2 Performance shall be determined as the ratio of the actual share of international transit passenger traffic in general passenger traffic of Aeroflot Group to Indicator 2 Target value for the respective period:

$$\frac{\text{Actual: IT/Passengertraffic}}{\text{Goal: Share of international transit out of general passenger traffic}} \times 100\%, \text{ where}$$

IT – actual number of transit passengers (international air lines - international air lines) in the Aeroflot Group for the respective period, mln pass.

Passenger traffic - actual number of passengers carried by Aeroflot Group for the relevant period, mln pass.

Actual number of transit passengers (international air lines - international air lines) and the actual number of passengers carried by Aeroflot Group shall be determined based on consolidated financial statements of the Aeroflot Group under IFRS standards, reports on the budget performance of the Aeroflot Group and other types of reporting.

Target Indicator 2 value for the Interim Period and the LMP duration is set in the Appendix 5 to the Regulation.

Indicator 3 – "Transportation Profitability (RASK) for Aeroflot Group" for the Interim Period or LMP duration is the actual level of Indicator 3 Performance determined as the ratio of the actual Indicator value to its Target value for the respective period:

$$\frac{\text{Actual: Revenue/KKM}}{\text{Goal: Transportation Profitability}} \times 100\%, \text{ where:}$$

Revenue - actual total revenue of Aeroflot Group under IFRS for the relevant period (rub);

KKM - actual threshold passenger traffic of Aeroflot Group (KKM) for the respective period.

The actual total revenue and actual threshold passenger traffic for Aeroflot Group shall be determined on the basis of the consolidated financial statements of the Aeroflot Group under IFRS standards, reports on the budget performance of the Aeroflot Group and other types of reporting.

Target Indicator 3 value for the Interim Period and the LMP duration is set in the Appendix 5 to the Regulation.

3. Upon termination of the Interim period or the LMP duration the actual Performance level for each LMP Indicator achieved by the end of the relevant period and determined according to the methodology established in cl.2 of Appendix 4 to the present Regulation shall be compared with the Planned levels of LMP Indicators Performance specified in cl.1 of Appendix 4 to the present Regulation.

Depending on which Planned level of Performance corresponds to the actual level of Performance of the LMP Indicator, the LMP Indicator Performance Index (I_i) shall be determined according to Table 2:

Table 2. LMP Indicators performance index scale

Actual level of LMP Indicators performance	I_i value
Corresponds to or exceeds the Aggressive level (K_{Π_a})	1.2
Corresponds to the Target Level ($K_{\Pi_{\Pi}}$)	1.0
Corresponds to the Threshold level ($K_{\Pi_{\Pi}}$)	0.7
Below the Threshold level	0.0

4. If the actual level of LMP Indicator performance is between the Threshold and Target Levels, the value of the Indicator performance Index (I_i) is calculated by the formula:

$$K_{\Pi} = K_{\Pi_{\Pi}} + \frac{K_{\Pi_{\Pi}} - K_{\Pi_{\Pi}}}{\Pi - \Pi} \times (\Phi - \Pi).$$

5. If the actual level of LMP Indicator performance is between the Target and Aggressive Levels, the value of the Indicator performance Index (I_i) is calculated by the formula:

$$K_{\Pi} = K_{\Pi_{\Pi}} + \frac{K_{\Pi_a} - K_{\Pi_{\Pi}}}{A - \Pi} \times (\Phi - \Pi), \text{ where:}$$

$K_{\Pi_{\Pi}}$, $K_{\Pi_{\Pi}}$ и K_{Π_a} – is the LMP Indicator performance Index established in accordance with cl.3 of the Appendix 4 of the Regulation for the Threshold, Target and Aggressive levels of the LMP Indicators performance, respectively; Π , T_a and A – are the Threshold, Target and Aggressive levels of the of the LMP Indicators performance, determined in accordance with cl.10 of the Appendix 4 to the present Regulation;

A – actual value of LMP Indicator Performance determined in accordance with cl.20 of the Appendix 4 to the present Regulation.

6. The resulting level of LMP Indicators Performance Index (I_i) is calculated as the weighted average of the Performance index of all LMP Indicators with regard to the Specific Weights established in respect of the LMP Indicators:

$$K_{\Pi} = \sum_{i=1}^n (K_{\Pi_i} \times YB_{\Pi_i}), \text{ where:}$$

n – the amount of LMP Indicators;

K_{Π_i} – i -th LMP Indicator Performance Index determined in accordance with cl.3 of the Appendix 4 to the Regulation;

YB_{Π_i} – specific weight of the i -th LMP Indicator determined in accordance

with cl.6.2.2of the Regulation;

The obtained value of the Resulting LMP Indicator performance Index is rounded to two decimal places according to the rules for rounding numbers in decimal system.

Appendix No. 5
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Target LMP Indicators values set for the Interim Period and LMP duration.

1. For the purpose of determining the levels of the LMP Indicators Performance following the results of the Interim Period and the LMP duration, the following Target Values are established:

Table 1. Target LMP Indicators value

LMP Indicator (for the Aeroflot Group)	Target value for the Interim period (2019)	Target value For the LMP duration (2019 - 2020)
Passenger traffic, thous. of pass.	61 606	130 224
The share of international transit out of total passenger traffic, %	8,8%	9,0%
Transportation Profitability (RASK), rub/km	3.76	3.89